

Debt Service Funds Overview

Introduction

Debt service funds are a category of funds intended to demonstrate the proper funding and repayment of general obligation and the mandatory reserves associated with such debt. The budget includes four debt service funds.

2010 UTGO Refunding

This fund included the repayment of bonds issued in 2010 to advance refund voter approved general obligation bonds issued in 2002. Funding for the refunding is provided by an annual property tax levy.

Government Center LTGO

The LTGO 2012 Refunding Debt Service Fund was established to account for the revenue and debt service payments associated with refunding of the City's portion of the bonds used to finance the construction of the government center (Norm Dick's Building).

2015 Public Safety Bond

This fund was established to account for the collection of tax payments and repayment of bonds issued for the purpose of providing fire apparatus, life safety equipment and remodel of fire facilities.

2019 Refunding LTGO

The debt service for this fund includes the refunding of the 2010 LTGO non-voter approved general obligation bonds issued to fund the construction of Park Plaza parking, the purchase and remodel of a building to house the Municipal Court and to provide matching funds for the renovation of Lions Park; as well as the refunding of the LTGO Series (B) non-voter approved general obligation bonds issued to complete the financing of Park Plaza Parking.

Revenue bonds and other loans secured by utility revenues are included in the related Enterprise Funds and are not presented in this section per GAAP.

Debt Service Funds Overview

City of Bremerton
Direct Debt Obligations
(As of September 30, 2020)

General Obligation Debt:

Voted general obligation bonds outstanding	8,430,000
Non-voted general obligation bonds outstanding (councilmanic)	20,720,000
General obligation debt balance	\$29,150,000

Revenue Bonds and Loans:

Revenue bonds	13,425,001
Loans	8,540,551
Capital leases	-
Revenue bonds and loans balance	\$21,965,552

Total Direct Debt Outstanding

\$51,115,552

Debt management is an important component of the City’s financial management practices. Generally, debt financing is reserved for funding large capital projects.

The public may also vote to approve park facilities and utility bond issues, each of which is also limited to 2.5% of the assessed valuation of taxable property within the City.

The public may vote to approve bond issues for general government in an amount not to exceed 2.5% of the assessed value of all taxable property within the City. Within that 2.5% limit, the City Council may approve bond issues in an amount not to exceed 1.5% of the City’s assessed valuation. Bremerton’s remaining debt capacity within the 2.5% limit is estimated to be \$82,262,765.

Unlimited tax general obligation requires an approving vote of the people, and any election to validate such general obligation debt must have a voter turnout of at least 40 percent of those who voted in the last general election and at which 60 percent must vote favorably. The following table outlines the City’s statutory debt capacity as of September 30, 2020.

Debt Service Funds Overview

City of Bremerton
Statutory Debt Limit Calculations
(As of September 30, 2020)

2020 Valuation for Collection Year 2021	\$ 4,423,677,729
General purposes:	
a. Non-Voted indebtedness limit (1.5% of assessed valuation)	\$ 66,355,166
Less: Non-voted bonds outstanding	(20,720,000)
Less: Contracts payable	-
Plus: Assets available for debt service	-
Remaining capacity for general purpose (non-voted)	\$ 45,635,166
b. Voted indebtedness limit (2.5 % of assessed valuation)	\$ 110,591,943
Less: Voted bonds outstanding	(8,430,000)
Less: Non-voted bonds outstanding	(20,720,000)
Plus: Assets available for debt service	820,822
Remaining capacity for general purposes (Voted)	\$ 82,262,765
Utility purposes (2.5% of assessed valuation)	\$ 110,591,943
Limit	
Less: Bonds outstanding	(13,425,001)
Remaining capacity for utility purposes	\$ 97,166,942
Parks and open spaces and economic development purposes (2.5% of assessed valuation)	110,591,943
Limit	
Less: Bonds outstanding	(29,150,000)
Remaining capacity for parks and open space purposes	\$ 81,441,943

Revenue bonds may be issued to finance projects for any City enterprise that is self-supporting. These bonds may finance water, wastewater, stormwater utilities, and golf courses. Payment for debt service on revenue bonds comes from user fees and rates generated by the utility for which the capital facility is being built.

Debt Service Funds Overview

Total Debt Service Funds				
	Actual 2018	Actual 2019	Budget 2020	Budget 2021
Revenue				
Taxes	\$1,362,647	\$1,277,134	\$1,780,000	\$1,780,000
Licenses & permits	0	0	0	0
Intergovernmental	29,911	23,459	3,000	3,000
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	508,365	16,707	482,100	480,350
Debt Proceeds	0	662,991	0	0
Total Revenue	1,900,923	1,980,291	2,265,100	2,263,350
Expenditures				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	1,895,454	1,850,945	2,112,320	2,218,595
Transfers & Other	0	42,510	0	0
Total Expenditures	1,895,454	1,893,455	2,112,320	2,218,595
Revenue over(under) expenditures	5,469	86,836	152,780	44,755
Beginning fund balance	231,155	236,624	323,460	552,597
Ending fund balance	\$236,624	\$323,460	\$476,240	\$597,352
Fund totals - Expenditures only				
2010 UTGO	1,060,591	1,057,892	853,438	856,088
Government Center LTGO	334,363	335,863	330,838	331,113
2015 Public Safety Bond Fund	500,500	499,700	502,700	500,550
2019 Refunding LTGO	0	0	425,344	530,844
Total Debt Service Funds	\$1,895,454	\$1,893,455	\$2,112,320	\$2,218,595

2010 UTGO Refunding

Debt Service Fund

Summary:

The 2010 UTGO Refunding Fund has been established to account for the collection of tax payments and other revenues used for repayment of bonds issued. Bonds were issued in 2010 to refund a portion of the outstanding 2002 Public Safety bonds.

2010 UTGO Refunding				
	Actual 2018	Actual 2019	Budget 2020	Budget 2021
Revenue				
Taxes	\$861,605	\$779,024	\$900,000	\$900,000
Licenses & permits	0	0	0	0
Intergovernmental	29,911	23,459	0	0
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	177,661	8,997	1,000	1,000
Debt Proceeds	0	171,500	0	0
Total Revenue	1,069,177	982,980	901,000	901,000
Expenditures				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	1,060,591	1,015,382	853,438	856,088
Transfers & Other	0	42,510	0	0
Total Expenditures	1,060,591	1,057,892	853,438	856,088
Revenue over(under) expenditures	8,586	-74,912	47,562	44,912
Beginning fund balance	94,938	103,524	28,612	153,531
Ending fund balance	\$103,524	\$28,612	\$76,174	\$198,443

Government Center LTGO

Debt Service Fund

Summary:

The LTGO 2012 Refunding Debt Service Fund occurred in 2012 and is expected to save approximately \$1,690,000 over the life of the bond (maturity in 2034). Revenue sources to pay this debt include REET and a transfer from the General Fund. The refunding

Government Center LTGO				
	Actual 2018	Actual 2019	Budget 2020	Budget 2021
Revenue				
Taxes	\$0	\$0	\$0	\$0
Licenses & permits	0	0	0	0
Intergovernmental	0	0	0	0
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	327,640	3,235	332,100	331,000
Debt Proceeds	0	340,000	0	0
Total Revenue	327,640	343,235	332,100	331,000
Expenditures				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	334,363	335,863	330,838	331,113
Transfers & Other	0	0	0	0
Total Expenditures	334,363	335,863	330,838	331,113
Revenue over(under) expenditures	-6,723	7,372	1,262	-113
Beginning fund balance	84,107	77,384	84,756	85,419
Ending fund balance	\$77,384	\$84,756	\$86,018	\$85,306

2015 Public Safety Bond Fund

Debt Service Fund

Summary:

This fund was established to account for the of providing fire apparatus, life safety equip- collection of tax payments and repayment of ment and remodel of fire facilities. general obligation bonds issued for the purpose

2015 Public Safety Bond Fund				
	Actual 2018	Actual 2019	Budget 2020	Budget 2021
Revenue				
Taxes	\$501,042	\$479,191	\$550,000	\$550,000
Licenses & permits	0	0	0	0
Intergovernmental	0	0	0	0
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	3,064	4,475	1,000	750
Debt Proceeds	0	0	0	0
Total Revenue	504,106	483,666	551,000	550,750
Expenditures				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	500,500	499,700	502,700	500,550
Transfers	0	0	0	0
Total Expenditures	500,500	499,700	502,700	500,550
Revenue over(under) expenditures	3,606	-16,034	48,300	50,200
Beginning fund balance	52,110	55,716	39,682	87,981
Ending fund balance	\$55,716	\$39,682	\$87,982	\$138,181

2019 Refunding LTGO

Debt Service Fund

Summary:

This fund has been established to account for debt repayment associated with the issuance of bonds to fund construction of Park Plaza parking and related improvements. Revenue sources to pay this debt include REET, a federal subsidy and a sales tax contribution from the state.

2019 Refunding LTGO Fund				
	Actual 2018	Actual 2019	Budget 2020	Budget 2021
Revenue				
Taxes	\$0	\$18,919	\$330,000	\$330,000
Licenses & permits	0	0	0	0
Intergovernmental	0	0	3,000	3,000
Charges for services	0	0	0	0
Fines & forfeits	0	0	0	0
Other revenue	0	0	148,000	147,600
Debt Proceeds	0	151,491	0	0
Total Revenue	0	170,410	481,000	480,600
Expenditures				
Personnel	0	0	0	0
Supplies, services & taxes	0	0	0	0
Capital expenditures	0	0	0	0
Debt service	0	0	425,344	530,844
Transfers & Other	0	0	0	0
Total Expenditures	0	0	425,344	530,844
Revenue over(under) expenditures	0	170,410	55,656	-50,244
Beginning fund balance	0	0	170,410	225,666
Ending fund balance	\$0	\$170,410	\$226,066	\$175,422